



Virginia Racing Commission

2007 Annual Report



VA RACING COMMISSION



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Vice Chairman – Palmyra



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COMMONWEALTH of VIRGINIA

Virginia Racing Commission

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February 11, 2008

TO: THE HONORABLE TIMOTHY M. KAINE, GOVERNOR OF VIRGINIA
AND THE MEMBERS OF THE GENERAL ASSEMBLY

Pursuant to the provisions of the Code of Virginia Title 59, Chapter 29, Section 59.1-369 relating to horse racing with pari-mutuel wagering, it is my privilege and pleasure to submit herewith the 2007 Annual Report of the Virginia Racing Commission.

A report compiled by the Virginia Field Office of the National Agricultural Statistics Service as part of a state-funded program administered by the Virginia Department of Agriculture and Consumer Services and issued in late 2007 provides a dynamic snapshot of the equine industry in Virginia.

The equine survey indicated that in 2006 there were 215,000 horses, ponies, donkeys and mules in Virginia, an increase of 26% from the 170,000 animals noted in a similar survey taken in 2001. There were 41,000 equine operations throughout the Commonwealth in 2006, an increase of 41 percent from 2001.

Some of the revenue generated from pari-mutuel wagering at Colonial Downs and the nine satellite wagering facilities in Virginia is used by the Racing Commission to market the equine industry. The marketing money is not limited to Thoroughbreds and Standardbreds, the two breeds that race at Colonial Downs, but is available to support the broader equine industry.

The annual Grand Slam of Grass, a four-race national series sponsored by Colonial Downs' owner Jacobs Entertainment, brings the national horse racing spotlight to Virginia and Colonial Downs. In 2007 the \$1,000,000 Virginia Derby was televised nationally on CBS.

The Racing Commission remains committed to insuring the integrity of racing for the participants and patrons and appreciates the continued support for horse racing and the equine industry from the Administration and the members of the General Assembly.

Respectfully Submitted,

A handwritten signature in black ink that reads 'Stanley K. Bowker'.

Stanley K. Bowker
Executive Secretary

2007 VIRGINIA DERBY & COLONIAL TURF CUP



Red Giant (above) is shown edging out Strike A Deal in the 2007 \$1,000,000 Virginia Derby at Colonial Downs. The “Derby” was the second leg of the \$5 million Jacobs Investment Grand Slam of Grass turf series. The first leg was the \$750,000 Colonial Turf Cup won by Summer Doldrums with Strike A Deal again finishing second (below).

In 2008 Colonial Downs will host the Colonial Turf Cup on Saturday, June 21 and the Virginia Derby on Saturday, July 19.



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ACTIVITIES OF THE COMMISSION

Title 59, Chapter 29, known as The Racing Act,” became effective on January 1, 1989. It vested the Virginia Racing Commission with control of all horse racing with pari-mutuel wagering that is conducted in the Commonwealth.

The Racing Commission is vested with plenary power to prescribe regulations and conditions under which racing and wagering shall be conducted, so as to maintain horse racing in the Commonwealth of the highest quality and free of any corrupt, incompetent, dishonest or unprincipled practices and to maintain in such racing complete honesty and integrity.

Horse racing with pari-mutuel wagering is permitted in the Commonwealth for “the promotion, sustenance and growth of a native industry, in a manner consistent with the health, safety and welfare of the people.”

For the first time, in 2007 pari-mutuel wagering in Virginia passed the \$200 million mark--\$167,684,686 at Colonial Downs’ New Kent facility and nine satellite wagering facilities and \$33,206,726 in advance deposit account wagering for a total of \$200,891,412. Since 2004, the Commission has been licensing and regulating advance deposit account wagering companies that operate in Virginia. Presently there are four companies licensed in Virginia—Colonial Downs’ EZ Horsesplay, TVG, XpressBet and TwinSpire.

Since pari-mutuel wagering began in 1996, a total of \$1,503,215,292 has been wagered in the state. In addition \$338,032,751 has been wagered on Virginia’s live races from localities throughout the United States.

Recap of Handle

Year	Pari-Mutuels	Account Wagering	Sale of Signal Out of State	Total Handle
1996	\$36,952,607	\$ -	\$ -	\$ 36,952,607
1997	95,094,161	-	19,412,236	114,506,397
1998	120,717,190	-	19,998,352	140,715,542
1999	121,324,249	-	22,348,265	143,672,514
2000	121,754,800	-	26,607,001	148,361,801
2001	123,879,396	-	24,042,027	147,921,423
2002	124,064,569	-	27,264,413	151,328,982
2003	130,382,875	-	31,627,734	162,010,609
2004	145,394,480	1,287,541	31,812,210	178,494,231
2005	151,758,202	12,691,398	40,330,328	204,779,928
2006	164,208,077	28,300,972	48,615,505	241,124,554
2007	167,684,686	33,206,726	45,974,680	246,866,092
Total	\$1,503,215,292	\$75,486,637	\$338,032,751	\$1,916,734,680

PARI-MUTUEL HANDLE STATISTICS

Total Pari-Mutuel Handle

Year	Total Handle	Total Attendance	Racing Days*	Daily Average Attendance	Per-Capita Wagering
1996	\$36,952,607	178,570	338	528	\$206.94
1997	95,094,161	578,831	840	689	164.29
1998	120,717,190	446,859	1,381	324	251.65
1999	121,324,249	544,744	1,351	305	222.72
2000	121,754,800	490,868	1,540	319	248.04
2001	123,879,396	511,856	1,445	354	242.02
2002	124,064,569	523,216	1,441	363	237.12
2003	130,382,875	552,632	1,534	360	235.93
2004	145,394,480	613,084	1,976	310	237.15
2005	151,758,202	665,555	2,490	267	228.02
2006	164,208,077	678,426	3,065	221	242.04
2007	167,684,686	720,325	3,127	230	232.79
Total	\$1,503,215,292	6,504,966	20,528	317	\$231.09

*Includes live racing days and days of operation at satellite wagering facilities

Total Account Wagering Handle

Year	TwinSpires	EZ Horseplay	TVG	XpressBet	AmericaTab	Total
2004		\$1,287,541	\$	\$	\$	\$ 1,287,541
2005		3,939,764	4,080,824	4,670,810		12,691,398
2006		3,736,391	8,169,546	7,816,430	8,578,605	28,300,972
2007	621,068	4,523,353	11,929,412	9,742,446	6,390,447	33,206,726
Total	\$ 621,068	\$13,487,049	\$24,179,782	\$22,229,686	\$14,969,052	\$75,486,637

Sale of Signal Live Meets (Out of State)

Year	Thoroughbred	Harness	Total
1997	\$19,412,236	\$	\$19,412,236
1998	16,232,300	3,766,052	19,998,352
1999	18,640,650	3,707,615	22,348,265
2000	22,716,226	3,890,775	26,607,001
2001	22,545,623	1,496,404	24,042,027
2002	25,171,620	2,092,793	27,264,413
2003	29,488,341	2,139,393	31,627,734
2004	28,402,323	3,409,887	31,812,210
2005	36,507,736	3,822,592	40,330,328
2006	43,828,004	4,787,501	48,615,505
2007	42,153,392	3,821,288	45,974,680
Total	\$305,098,451	\$32,934,300	\$338,032,751

ABOUT COLONIAL DOWNS

Now 11 years old, Colonial Downs has been the catalyst of a sport that now generates more than \$200,000,000 in annual pari-mutuel wagering in Virginia. In 2007 total attendance was a record 720,325 as attendance for the first 11 years totaled 6,504,966 while total mutuel handle surpassed \$1.5 billion.

As stated in § 59.1-364 of the Code of Virginia, horse racing with pari-mutuel wagering is permitted in the Commonwealth for the promotion, sustenance and growth of a native industry. As a result, the stakeholders in Virginia have worked extremely well together to build the horse breeding and racing industries. Quality racing has always been the goal of Virginia stakeholders as they strive to build upon the native horse industry in the Commonwealth.

Colonial Downs is owned by Jeffrey and Richard Jacobs' Jacobs Entertainment. Since the beginning of live Thoroughbred racing on September 1, 1997, Colonial Downs has developed a reputation as the Thoroughbred turf racing capital of the nation. Typically more than 80% of the Thoroughbred races run at Colonial Downs are on the 180-foot wide Secretariat Turf Course, named after Virginia's famous Triple Crown winner.

Jacobs Entertainment sponsors the Grand Slam of Grass, a series of four races for three-year-olds. Two of the races are run at Colonial Downs—the Colonial Cup and the Virginia Derby. The Secretariat Stakes at Arlington Park and the Breeders Cup Turf complete the series. A horse winning all four races is eligible to receive a total of \$5,000,000 in purses and bonuses. The Colonial Cup has been awarded a Grade III rating while the Virginia Derby is Grade II. In 2007 Jacobs Entertainment sponsored a nation-wide telecast on CBS-TV.

In 2007, a Virginia record pari-mutuel handle of \$3,622,328 was established on Virginia Derby Day. The Colonial Cup Day generated \$2,112,079 in wagering—two of the biggest days in Colonial Downs history.

The Standardbred (harness) industry has also tried to bring quality racing to the Commonwealth. Virginia was the host of the 1998 Breeders Crown races, harness racing's championship event. It was televised on ESPN.

For the second straight year, in 2007 Colonial Downs hosted the \$100,000 Invitational Trot which drew most of the top trotters in the nation. The popular Vivid Photo, owned and trained by Roger Hammer, won the race for the second year.

ABOUT COLONIAL DOWNS

One of the highlights of the annual harness meet is a day filled with races to showcase Virginia-bred or owned horses. Annually, the harness meet features a one-turn mile for most of its races. Each year a number of record and career best times have been established in Virginia.

Advance deposit account wagering is now becoming the second largest generator of pari-mutuel wagering in Virginia. In 2007, \$33,206,726 in wagering was generated by four account wagering companies licensed in Virginia—Colonial Downs’ EZ Horseplay, TVG, XpressBet, and TwinSpires.

As a result of the efforts in 2007, the horse racing industry in Virginia is poised to continue to grow and in 2008 there will be 45 live Thoroughbred racing days and 34 harness days.

Live Thoroughbred Racing

	Daily Average On-Track Handle	Total Handle	Daily Average Total Handle	Daily Average Attendance	On-Track Per Capita
1997	\$183,594	\$28,182,006	\$ 939,400	3,620	\$ 65.71
1998	141,154	21,293,467	881,473	2,263	75.03
1999	107,881	23,420,243	975,854	1,628	87.50
2000	90,589	27,923,752	872,617	1,247	109.81
2001	117,818	27,579,707	1,103,188	1,940	85.48
2002	140,067	31,039,485	1,193,826	2,202	86.95
2003	140,305	36,090,262	1,203,009	2,193	86.30
2004	138,236	36,205,494	1,064,867	2,155	91.68
2005	124,122	44,710,190	1,117,755	2,028	85.17
2006	113,438	51,587,415	1,258,230	1,804	83.44
2007	164,557	50,507,580	1,262,689	1,996	82.42

Live Harness Racing

	Daily Average On-Track Handle	Total Handle	Daily Average Total Handle	Daily Average Attendance	On Track Per Capita
1998	\$56,661	\$7,260,770	\$172,875	1,379	\$ 56.21
1999	41,319	5,795,265	193,175	909	62.31
2000	19,270	5,903,010	147,575	258	148.76
2001	30,912	2,459,010	163,934	486	105.54
2002	30,860	3,716,853	154,869	478	117.01
2003	34,585	4,148,072	148,145	580	101.50
2004	40,361	5,815,294	181,728	645	92.65
2005	36,959	6,217,238	172,701	620	85.68
2006	20,498	6,562,653	182,296	312	100.25
2007	43,183	5,726,362	178,949	613	70.49

RICHMOND SATELLITE WAGERING FACILITY



**4700 West Broad Street
Richmond, VA. 23230
20,000 Sq. Ft.**

The main area of the Richmond Satellite Wagering Facility was remodeled during 2006 and in 2007 the VIP room received a new look. It is centrally located on Broad Street, which is one of the main thoroughfares in Richmond. The facility can accommodate up to 500 patrons with smoking and non-smoking preferences. Also the facility has parking capacity for 350 vehicles.

Statistics

Year	Number of Race Days	Total Attendance	Daily Average Attendance	Total Handle	Daily Average Handle
1996	21	17,403	829	\$ 3,391,418	\$ 161,496
1997	363	206,530	569	51,556,304	142,028
1998	363	178,841	493	50,183,501	138,247
1999	361	173,378	480	51,347,173	142,236
2000	361	162,921	451	49,096,147	136,000
2001	362	164,372	454	50,475,896	139,436
2002	360	159,222	442	49,986,746	138,852
2003	357	156,339	430	47,927,303	134,250
2004	362	123,682	342	40,821,803	112,767
2005	363	118,343	326	38,066,496	104,866
2006	302	94,348	312	31,823,009	105,374
2007	362	107,834	298	36,142,095	99,840
Total	3,937	1,663,213	422	\$500,817,891	\$ 127,208

CHESAPEAKE SATELLITE WAGERING FACILITY



**3376 South Military Highway
Chesapeake, VA 23323
15,000 Sq. Ft.**

The first satellite wagering facility in Virginia is located in Chesapeake on South Military Highway, which is 20 miles from Virginia Beach. The facility can accommodate up to 650 patrons with smoking and non-smoking preferences, one central main bar area, and teller lines for up to 22 tellers. The facility has parking capacity for 300 vehicles.

Statistics

Year	Number of Race Days	Total Attendance	Daily Average Attendance	Total Handle	Daily Average Handle
1996	317	161,167	508	\$ 33,561,189	\$105,871
1997	363	148,373	409	35,138,043	96,799
1998	363	114,682	316	28,929,078	79,694
1999	360	106,782	297	30,154,358	83,762
2000	362	100,405	277	29,663,510	81,943
2001	362	103,778	287	30,031,322	82,959
2002	361	100,937	280	30,816,019	85,363
2003	359	102,054	284	32,839,851	91,476
2004	363	98,618	272	32,771,667	90,280
2005	366	83,032	229	27,557,180	75,915
2006	350	48,210	138	14,455,627	41,302
2007	360	51,409	143	14,825,116	41,181
Total	4,286	1,219,447	285	\$340,742,960	\$ 79,501

HAMPTON SATELLITE WAGERING FACILITY



**1909 Commerce Drive
Hampton, VA 23666
13,500 Sq. Ft.**

The Hampton Satellite Wagering Facility is centrally located just off I-64 on Commerce Drive near the Hampton Coliseum. The facility can accommodate up to 580 patrons with smoking and non-smoking preferences, one central main bar area, and teller lines for up to 16 tellers. The facility has parking capacity for 270 vehicles.

Statistics

Year	Number of Race Days	Total Attendance	Daily Average Attendance	Total Handle	Daily Average Handle
1997	7	1,651	236	\$ 327,811	\$ 46,830
1998	363	114,679	316	22,765,994	62,716
1999	361	103,945	288	23,298,797	64,540
2000	362	99,618	275	24,999,787	69,060
2001	362	99,718	275	26,083,186	72,053
2002	361	98,362	272	25,058,151	69,413
2003	358	95,064	266	25,947,756	72,480
2004	363	95,269	262	28,321,244	78,020
2005	363	85,723	237	26,720,455	73,610
2006	362	82,352	227	25,638,907	70,826
2007	362	77,128	213	24,536,734	67,781
Total	3,624	953,509	263	\$253,698,822	\$ 70,005

BRUNSWICK SATELLITE WAGERING FACILITY



**24 Colonial Downs Place
 Alberta, VA 23821
 20,000 Sq. Ft.**

The Brunswick Satellite Wagering Facility is located two miles off Route 1 in Brunswick County, which is 15 miles from the North Carolina border. The facility can accommodate up to 400 patrons with smoking and non-smoking preferences, one main bar area, and teller lines for up to 10 tellers. The facility has parking capacity for 500 vehicles.

Statistics

Year	Number of Race Days	Total Attendance	Daily Average Attendance	Total Handle	Daily Average Handle
1997	14	1,460	104	\$ 226,146	\$ 16,153
1998	292	38,657	132	10,573,166	36,209
1999	269	27,925	104	11,404,545	42,396
2000	279	28,018	100	11,888,170	42,610
2001	265	24,821	94	12,085,136	45,604
2002	259	27,243	105	11,882,404	45,878
2003	292	28,548	98	14,094,878	48,270
2004	311	28,067	90	14,152,950	45,508
2005	309	25,276	82	12,620,398	40,843
2006	269	21,825	81	9,967,380	37,053
2007	270	23,708	88	106,465,270	39,432
Total	2,829	275,548	97	\$119,541,700	\$42,256

SOUTH RICHMOND SATELLITE WAGERING FACILITY



6550 Hull Street Road
Richmond, VA
 11,500 Sq. Ft.

The South Richmond Satellite Wagering Facility opened on November 12, 2003. Located in the Haines Plaza, the facility can accommodate 300 patrons with seating for 180. Smoking and non-smoking areas are provided.

Statistics

Year	Number of Race Days	Total Attendance	Daily Average Attendance	Total Handle	Daily Average Handle
2003	48	8,634	180	\$ 2,001,182	\$ 41,691
2004	361	64,479	179	17,832,357	49,397
2005	363	63,337	174	18,318,539	50,464
2006	362	74,216	205	23,560,440	65,084
2007	359	66,265	185	19,436,532	51,141
Total	1,493	276,931	185	\$ 81,149,050	\$ 54,353

VINTON SATELLITE WAGERING FACILITY



**1135 Vinyard Road
Vinton, VA
14,600 Sq. Ft.**

The Vinton Satellite Wagering Facility opened in October 2004 and is near Roanoke. The facility can accommodate 450 patrons with seating for 260. Smoking and non-smoking areas are provided.

Statistics

Year	Number of Race Days	Total Attendance	Daily Average Attendance	Total Handle	Daily Average Handle
2004	81	13,447	166	\$ 2,455,993	\$ 30,321
2005	357	49,607	139	10,807,394	30,272
2006	286	42,806	150	10,471,558	36,614
2007	361	45,969	130	10,754,287	29,790
Total	1,085	152,829	141	\$34,489,232	\$ 31,787

MARTINSVILLE SATELLITE WAGERING FACILITY



**3951 Greensborough Road
Martinsville, VA
12,500 Sq. Ft.**

The Martinsville Satellite Wagering Facility opened on August 15, 2005. Located near Martinsville Raceway, the facility can accommodate 539 patrons with seating for 241. Smoking and non-smoking areas are provided.

Statistics

Year	Number of Race Days	Total Attendance	Daily Average Attendance	Total Handle	Daily Average Handle
2005	137	18,978	139	\$ 3,529,839	\$25,765
2006	323	36,231	112	10,358,670	32,070
2007	270	35,512	132	12,014,060	44,497
Total	730	90,721	124	\$25,902,569	\$ 35,483

NEW CHESAPEAKE SATELLITE WAGERING FACILITY



**4301 Indian River Road
Chesapeake, VA
10,000 Sq. Ft.**

The second Chesapeake Satellite Wagering Facility opened on October 12, 2005. It is located near Virginia Beach. The facility can accommodate 291 patrons with seating for 156. Smoking and non-smoking areas are provided.

Statistics

Year	Number of Race Days	Total Attendance	Daily Average Attendance	Total Handle	Daily Average Handle
2005	80	15,648	139	\$ 4,963,971	\$ 62,050
2006	362	69,818	193	23,666,541	65,377
2007	362	78,627	217	23,829,721	65,828
Total	804	164,093	204	\$52,460,233	\$ 65,249

SCOTT COUNTY SATELLITE WAGERING FACILITY



**38 U.S. Highway 23N
Weber City, VA 24290
16,700 Sq. Ft.**

The newest satellite wagering facility is located in Scott County. It opened on January 18, 2006. The facility can accommodate 400 patrons with seating for 246. Smoking and non-smoking areas are provided.

Statistics

Year	Number of Race Days	Total Attendance	Daily Average Attendance	Total Handle	Daily Average Handle
2006	272	36,100	133	\$6,592,864	\$ 24,238
2007	270	32,029	119	7,184,714	26,610
Total	542	68,129	126	\$13,777,578	\$ 25,420

ABOUT THE BREEDERS' FUNDS

Funded by a 1% takeout of all wagering conducted in Virginia, funds have been established for both Thoroughbred and Standardbred horses, their breeders and owners.

For 2007, a record \$1,318,153 was generated for the Thoroughbred Breeders' Fund bringing the 12-year total to \$11,684,697.

Most of the Thoroughbred Breeders' Fund money is being distributed during the annual live meet at Colonial Downs, including a 50% bonus for Virginia-breds earning purse money in open competition. The bonus is being increased to 100% for 2008.

Harness racing, both live and simulcasting, accounts for more than 20% of total wagering in Virginia. As a result, \$3,346,732 has been generated for the Standardbred Breeders' Fund in the past twelve years.

The Racing Commission has contracted with the Virginia Thoroughbred Association to administer the Thoroughbred Breeders' Fund program and the Virginia Harness Horse Association to manage the Standardbred Breeders' Fund.

Breeders' Funds

Year	Thoroughbred	Standardbred
1996	\$ 263,517	\$ 105,288
1997	755,900	195,041
1998	917,484	289,688
1999	915,431	297,811
2000	942,714	274,834
2001	967,123	271,671
2002	970,555	270,091
2003	1,035,181	268,647
2004	1,136,789	317,156
2005	1,176,374	341,208
2006	1,285,476	356,604
2007	1,318,153	358,693
Total	\$11,684,697	\$ 3,346,732

**Virginia Racing Commission
Statistical Sheet Colonial Downs Live Meet
Thoroughbred 2007 (40days)**

DATE	Day	LIVE HANDLE	SIMULCAST HANDLE	Out of State HANDLE	Single Race	Live		TRACK ATTEND	On TRACK PER CAP
						Colonial Downs OTB	TOTAL HANDLE		
15-Jun-07	Friday	151,255	55,377	784,333		50,053	1,041,017	2,207	93.63
16-Jun-07	Saturday	349,569	79,066	2,112,079		87,809	2,628,522	4,905	87.39
17-Jun-07	Sunday	138,088	45,288	664,611		33,513	881,500	2,529	72.51
18-Jun-07	Monday	57,674	17,324	1,081,485		32,003	1,188,486	539	139.14
19-Jun-07	Tuesday	75,268	13,676	857,092		25,959	971,994	960	93.62
22-Jun-07	Friday	104,967	40,089	572,694		38,508	756,258	1,838	78.92
23-Jun-07	Saturday	154,696	53,666	1,303,304		60,799	1,572,465	2,377	87.66
24-Jun-07	Sunday	100,017	41,538	818,982		38,743	999,280	1,674	84.56
25-Jun-07	Monday	60,664	19,918	1,071,846		26,900	1,179,328	637	126.50
26-Jun-07	Tuesday	64,643	18,287	894,945		26,890	1,004,765	802	103.40
30-Jun-07	Saturday	131,605	53,879	863,971		53,022	1,102,477	2,474	74.97
1-Jul-07	Sunday	133,210	54,021	654,439		32,299	873,969	2,351	79.64
2-Jul-07	Monday	60,037	24,773	988,350		44,132	1,114,894	557	152.26
3-Jul-07	Tuesday	135,110	26,623	1,307,955		42,062	1,513,820	4,085	39.59
4-Jul-07	Wednesday	201,231	33,747	641,809		44,132	1,041,067	1,170	107.43
6-Jul-07	Friday	92,533	33,160	862,760		47,006	1,175,797	3,383	73.16
7-Jul-07	Saturday	191,530	55,978	881,283		38,271	870,652	1,373	91.99
8-Jul-07	Sunday	86,994	39,303	706,084		32,542	1,466,382	447	153.36
9-Jul-07	Monday	52,032	16,522	1,365,286		24,880	1,190,865	787	107.10
10-Jul-07	Tuesday	71,638	12,653	1,081,694		54,757	1,330,260	1,831	89.99
13-Jul-07	Friday	125,916	38,849	1,110,738		57,465	1,591,438	3,721	61.29
14-Jul-07	Saturday	161,880	66,173	1,305,920		36,283	895,094	1,624	88.47
15-Jul-07	Sunday	101,750	41,932	715,129		26,114	1,084,116	668	117.96
16-Jul-07	Monday	58,745	20,050	979,207		32,017	1,180,971	777	107.41
17-Jul-07	Tuesday	66,504	16,954	1,065,496		41,404	933,353	1,349	113.76
20-Jul-07	Friday	101,943	51,520	738,486		161,500	4,537,509	8,964	84.08
21-Jul-07	Saturday	645,364	108,317	3,622,328		38,378	1,099,657	1,564	88.53
22-Jul-07	Sunday	106,736	31,732	922,811		34,591	1,370,725	723	112.35
23-Jul-07	Monday	66,887	14,344	1,254,903		35,488	1,223,026	1,008	100.68
24-Jul-07	Tuesday	83,864	17,618	1,086,056		46,146	993,276	1,412	97.35
27-Jul-07	Friday	106,025	31,439	809,666		54,649	1,483,929	3,692	63.27
28-Jul-07	Saturday	188,184	45,427	1,195,669		39,125	845,182	1,483	97.05
29-Jul-07	Sunday	102,353	41,579	662,125		34,597	1,257,064	550	156.64
30-Jul-07	Monday	67,787	18,363	1,136,317		35,751	1,139,922	683	114.24
31-Jul-07	Tuesday	63,860	14,168	1,026,143		43,960	1,000,918	1,912	83.00
3-Aug-07	Friday	126,358	32,333	798,267		70,833	1,535,246	1,959	122.50
4-Aug-07	Saturday	153,610	86,372	1,224,431		32,683	1,004,417	1,760	97.74
5-Aug-07	Sunday	125,268	46,749	799,717		27,519	1,253,264	985	107.64
6-Aug-07	Monday	83,428	22,600	1,119,717		38,928	1,255,826	1,262	120.15
7-Aug-07	Tuesday	132,058	19,576	1,065,264					
TOTAL HANDLE		5,081,280	1,500,982	42,153,392	-	1,771,926	50,507,580	79,859	
PERCENT OF TOTAL AVERAGE HANDLE		10.1%	3.0%	83.5%	0.0%	3.5%	100.0%	1,996	82.42
Average 2006		113,438	37,118	1,068,976	-	38,697	1,258,320	1,804	83.44
Average 2005		124,122	48,624	912,693	-	32,315	1,117,755	2,028	85.17
Average 2004		138,236	59,341	835,362	-	31,928	1,064,867	2,155	91.68
Average 2003		140,305	48,960	982,945	-	30,799	1,203,009	2,193	86.30
Average 2002		140,067	51,391	968,139	-	34,229	1,193,826	2,202	86.95
Average 2001		117,818	48,011	901,825	2,998	32,536	1,103,188	1,940	85.48
Average 2000		90,589	46,380	709,882	-	25,766	872,617	1,247	109.81
Average 1999		107,881	34,597	776,694	25,968	30,714	975,854	1,628	87.50
Average 1998		141,154	28,641	649,292	32,652	29,734	881,473	2,263	75.03
Average 1997		183,594	54,254	647,075	29,384	25,093	939,400	3,620	65.71

**Virginia Racing Commission
Statistical Sheet Colonial Downs Live Meet
Harness 2007(32 Days)**

DATE	Day	LIVE HANDLE	SIMULCAST HANDLE	Out of State HANDLE	Single Race	Colonial Downs OTB	TOTAL HANDLE	TRACK ATTEND	On TRACK PER CAP
15-Sep-07	Saturday	44,931	16,993	44,345		14,431	120,700	4,379	14.14
16-Sep-07	Sunday	33,437	9,761	96,444		43,365	183,007	1,513	28.55
17-Sep-07	Monday	12,660	5,544	103,556		12,240	134,000	173	105.23
18-Sep-07	Tuesday	14,174	5,926	136,759		9,476	166,335	174	115.52
22-Sep-07	Saturday	41,958	15,933	114,690		17,170	189,751	795	72.82
23-Sep-07	Sunday	28,429	10,519	126,326		10,644	175,918	388	100.38
24-Sep-07	Monday	10,897	3,098	86,879		10,686	111,560	110	127.23
25-Sep-07	Tuesday	16,429	5,988	154,620		11,315	188,352	214	104.75
29-Sep-07	Saturday	45,118	29,997	76,610		15,247	166,972	1,096	68.54
30-Sep-07	Sunday	28,063	9,468	121,540		13,722	172,793	417	90.00
1-Oct-07	Monday	13,855	6,057	188,418		17,051	225,381	163	122.16
2-Oct-07	Tuesday	21,117	8,584	212,561		21,171	263,433	182	163.19
6-Oct-07	Saturday	43,669	13,465	69,864		21,701	148,699	801	71.33
7-Oct-07	Sunday	30,842	9,505	93,272		11,284	144,903	524	77.00
8-Oct-07	Monday	14,442	6,239	70,863		12,272	103,816	141	146.67
9-Oct-07	Tuesday	22,719	5,765	155,663		14,534	198,681	210	135.64
13-Oct-07	Saturday	60,715	13,124	74,692		24,470	173,001	1,255	58.84
14-Oct-07	Sunday	27,809	10,450	86,629		12,091	136,979	434	88.15
15-Oct-07	Monday	17,565	5,980	114,626		14,810	152,981	183	128.66
16-Oct-07	Tuesday	22,120	6,663	491,439		14,840	535,062	236	121.96
20-Oct-07	Saturday	50,953	17,895	98,382		22,326	189,556	842	81.77
21-Oct-07	Sunday	31,294	10,858	88,129		11,093	141,374	715	58.95
22-Oct-07	Monday	18,500	6,949	119,078		12,896	157,423	198	128.53
23-Oct-07	Tuesday	24,888	8,352	129,033		19,062	181,335	312	106.54
27-Oct-07	Saturday	55,597	102,933	48,662		34,078	241,270	939	168.83
28-Oct-07	Sunday	28,797	15,378	83,359		11,299	138,833	399	110.71
29-Oct-07	Monday	18,407	7,951	118,944		12,808	158,110	195	135.17
30-Oct-07	Tuesday	25,565	8,510	148,107		12,424	194,606	257	132.59
3-Nov-07	Saturday	42,990	29,448	53,817		24,351	150,606	1,137	63.71
4-Nov-07	Sunday	39,955	22,196	78,007		9,303	149,461	719	86.44
5-Nov-07	Monday	23,097	5,092	113,355		13,579	155,123	266	105.97
6-Nov-07	Tuesday	27,905	8,321	122,619		17,496	176,341	235	154.15
TOTAL HANDLE		938,897	442,942	3,821,288	-	523,235	5,726,362	19,602	
PERCENT OF TOTAL		16.4%	7.7%	66.7%	0.0%	9.1%	100.0%		
AVERAGE HANDLE		29,341	13,842	119,415	-	16,351	178,949	613	70.49
Average 2006		20,498	10,728	132,986	-	18,083	182,296	312	100.25
Average 2005		36,959	16,166	106,183	-	13,393	172,701	620	85.68
Average 2004		40,361	19,433	106,559	-	14,682	181,728	645	92.65
Average 2003		34,585	24,306	76,407	-	15,420	148,145	580	101.50
Average 2002		30,860	25,076	87,200	-	11,734	154,869	478	117.01
Average 2001		30,912	20,416	99,760	-	12,845	163,934	486	105.54
Average 2000		19,270	19,180	97,269	-	11,855	147,575	258	148.76
Average 1999		41,319	15,344	123,587	-	12,926	193,176	909	62.31
Average 1998		56,611	20,892	89,668	5,705	-	172,875	1,379	56.21

Note: 1988 data for SWFS was not maintained

TAX REVENUE

Pari-Mutuel Revenue to the Commonwealth

Fiscal Year	Total Revenue	Surplus to General Fund
1996	\$ 631,482	\$
1997	1,595,802	
1998	2,065,005	
1999	2,090,137	4,101
2000	2,103,097	534,813
2001	2,150,599	513,222
2002	2,164,933	585,610
2003	2,280,446	940,127
2004	2,556,126	1,168,349
2005	2,680,582	1,093,966
2006	2,894,004	1,202,523
2007	2,957,209	826,749
Total	\$26,169,422	\$6,869,460

Pari-Mutuel Revenue to Localities

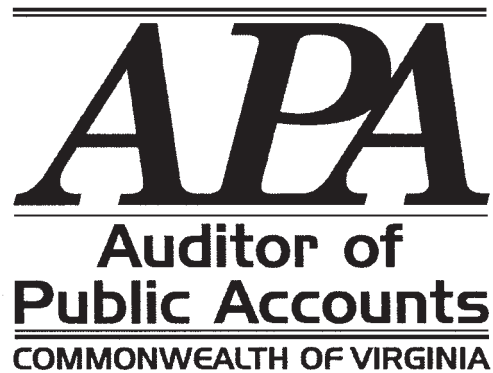
Year	New Kent	Chesapeake	Henrico	Richmond	Hampton	Brunswick	Vinton	Martinsville	Scott
1996	\$ 157,871	\$ 144,304	\$ 6,783	\$ 6,783	\$	\$	\$	\$	\$
1997	408,498	159,665	113,726	113,726	1,430	855			
1998	520,316	128,530	107,693	107,693	101,062	43,538			
1999	524,049	132,641	108,839	108,839	101,396	46,906			
2000	532,156	129,419	104,967	104,967	108,412	49,836			
2001	539,392	131,455	107,885	107,885	115,242	51,140			
2002	544,937	136,127	107,043	107,043	110,778	50,791			
2003	574,992	145,928	103,758	112,388	113,880	59,092			
2004	645,979	146,406	89,652	167,027	125,476	59,268	9,817		
2005	676,257	146,065	84,164	165,595	119,218	52,244	44,660	14,615	
2006	727,828	171,176	70,299	175,246	114,814	41,761	44,349	43,288	26,478
2007	743,077	172,558	79,755	165,331	110,160	45,105	46,583	51,189	29,266
Total	\$6,595,352	\$1,744,274	\$1,084,564	\$1,442,523	\$1,121,868	\$500,536	\$145,409	\$109,092	\$ 55,744

Total Pari-Mutuel Revenue

Commonwealth	\$26,169,422
Localities	12,799,361
Total	\$38,968,783

VIRGINIA RACING COMMISSION

**REPORT ON AUDIT
FOR THE YEAR ENDED
JUNE 30, 2007**



AUDIT SUMMARY

Our audit of the Virginia Racing Commission for the year ended June 30, 2007, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth Accounting and Reporting System; and
- a matter involving internal control and its operation and compliance with applicable laws and regulations that we have communicated to management in the Comments to Management section of this report.

We recommend that the Commission update its information security program to comply with the Commonwealth's standards. The Commission has taken a number of actions to address the issues that we reported in our previous report related to its information security program and has made progress towards complying with the Commonwealth's standards. However, the Commission's security program continues to lack some of the components necessary to comply with the Commonwealth's security standard.

Risk Alert and Efficiency Issue

During the course of our audits, we encounter issues that are beyond the corrective action of management and require the action of either another agency or outside party or a change in the method by which the Commonwealth conducts its operations. We feel that these practices or conditions represent a risk to the Commonwealth.

We review the agreements between smaller agencies, which do not have sufficient resources or staff, and larger agencies, which provide accounting, budgeting, personnel, or information security resources. We have found circumstances where these arrangements are not providing or improving internal controls. In some circumstances, we have found that the arrangement may contribute to actually weakening internal controls. The Secretaries of Administration, Finance, and Technology should work with the Departments of Accounts, General Services, Planning and Budget, and Human Resource Management, and the Virginia Information Technologies Agency to develop and implement an administrative agreement for all back office operations. This agreement should include outside managerial oversight and internal controls for agencies requiring administrative assistance or the Secretaries should establish a back office operation to provide these functions. We discuss this recommendation in greater detail within the section entitled, "Comments to Management". We believe that the Racing Commission would be an ideal candidate for outsourcing the entire administrative function.



Commonwealth of Virginia

Walter J. Kucharski, Auditor

Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218

September 30, 2007

The Honorable Timothy M. Kaine
Governor of Virginia
State Capital
Richmond, Virginia

The Honorable Thomas K. Norment, Jr.
Chairman, Joint Legislative Audit
and Review Commission
General Assembly Building
Richmond, Virginia

We have audited the financial records and operations of the **Virginia Racing Commission** for the year ended June 30, 2007. We conducted our audit in accordance with Government Auditing Standards, issued by the Comptroller General of the United States.

Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions on the Commonwealth Accounting and Reporting System, review the adequacy of the Commission's internal controls, test compliance with applicable laws and regulations, and review corrective actions of audit findings from prior year reports.

Audit Scope and Methodology

The Commission's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered materiality and control risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

Contractual services expenditures
Facility inspection process
Incentive and marketing payments
License and permit fees

Payroll expenditures
Small Purchase Charge Card
Tax and pari-mutuel wagering revenues
TRAC V System

We performed audit tests to determine whether the Commission's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws and regulations. Our audit procedures included inquiries of appropriate personnel and observation of the Commission's operations. We inspected documents including reconciliations, deposit slips and certificates, wagering reports provided by Colonial Downs, revenue summary reports, contracts, and off-track satellite facility review sheets. We reviewed the Commission's policies and procedures and Board Minutes and appropriate sections of the Code of Virginia and the 2007 Virginia Acts of Assembly. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

Conclusions

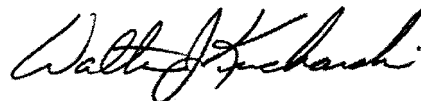
We found that the Commission properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. The Commission records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting.

We noted a matter involving internal control and its operation and compliance with applicable laws and regulations that requires management's attention and corrective action. This matter is described in the section entitled "Internal Control and Compliance Finding and Recommendation."

EXIT CONFERENCE AND REPORT DISTRIBUTION

We discussed this report with management on October 10, 2007. Management's response has been included at the end of this report.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.



AUDITOR OF PUBLIC ACCOUNTS

SAH:clj

AGENCY HIGHLIGHTS

The Virginia Racing Commission controls and prescribes regulations and conditions for all horse racing with pari-mutuel wagering privileges in the Commonwealth. It licenses horse racetracks and satellite facilities and ensures that all their employees have valid Commission permits. The Commission also issues permits to anyone associated with horse racing including horse owners, trainers, jockeys, grooms, veterinarians, and blacksmiths. Pari-mutuel horse racing began in the Commonwealth in September 1997 at Colonial Downs, a privately held racetrack in New Kent County. The Code of Virginia permits up to ten satellite wagering facilities. Currently, there are nine satellite facilities operated by Colonial Downs, which are located in Brunswick, Chesapeake (two), Hampton, Martinsville, Richmond (two), Scott, and Vinton. The Commission monitors each of these facilities as a part of its regulatory oversight.

The Code of Virginia directs the distribution of the funds in the horse racing wagering pools. The percentage distribution varies based on factors such as the type of wagering, whether the race took place within or outside of the Commonwealth, and whether the wagering occurred at the racetrack or at a satellite facility. The Commonwealth retains as a license tax a portion of the wagering pools ranging from 0.75 to 2.25 percent as directed by the Code of Virginia. All revenues received by the Commission go to a special fund known as the State Racing Operations Fund. The Appropriation Act requires the Commission to transfer any funds in excess of the Commission's operating expenses to the General Fund of the Commonwealth. However, the Appropriation Act contains language allowing the Commission to carry forward a portion of its unspent appropriation related to the promotion, marketing, sustenance, and growth of the Virginia horse industry as long as it makes its required transfer to the General Fund. At June 30, 2007, the Commission had a cash balance of \$681,006 in its operating fund related mostly to unspent marketing funds. The Commission transferred the amount required by the Appropriation Act to the General Fund during fiscal year 2007.

The Code of Virginia also created the Virginia Breeders Fund to support an incentive program to foster the industry of breeding racehorses in Virginia. It receives a one percent distribution of the horse racing wagering conducted in the Commonwealth. The Commission contracted with the Virginia Thoroughbred Association and the Virginia Harness Horse Association to manage the fund. The incentive program provides purses for races restricted to Virginia bred or sired horses and awards to the owners and breeders of Virginia bred horses that win or earn purse money in races designated by the Commission. During fiscal year 2007, the Commission made payments of \$1,439,797 from the Breeders Fund consisting of \$778,178 in purse money, \$556,619 in incentives to owners and breeders, and \$105,000 in management fees to the Virginia Thoroughbred Association and the Virginia Harness Horse Association. At year-end, the cash balance in the Breeder's Fund was \$968,845. The cash balance does not revert to the General Fund.

Below are the results of the fiscal year 2007 financial operations of the Virginia Racing Commission. The Commission increased its budgeted expenditures in anticipation of additional race days. However, since Colonial Downs did not increase its race days, the Commission spent less than the budgeted amounts for personal services and incentive payments, which are directly related to the number of race days. In addition, there was a change in the timing of the contract payments to the Virginia Thoroughbred Association and the Virginia Harness Horse Association, which contributed to the variance in incentive and marketing payments. These items, coupled with the allowed carry forward for marketing, result in the cash balances in both the Breeders and Operating Funds.

VIRGINIA RACING COMMISSION
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN CASH BALANCES - BUDGET AND ACTUAL
For the year ended June 30, 2007

	Actual				Total Variance Positive/ (Negative)
	Total Budget	Breeders Fund	Operating Fund	Total	
Revenues:					
Taxes and pari-mutuel wagering	\$ 4,850,000	\$ 1,684,063	\$ 3,124,884	\$ 4,808,947	\$ (41,053)
License and permit fees	160,000	-	140,890	140,890	(19,110)
Fines and assessments	15,000	-	9,700	9,700	(5,300)
Interest	60,000	37,601	3,830	41,431	(18,569)
Total revenues	5,085,000	1,721,664	3,279,304	5,000,968	(84,032)
Expenditures:					
Personal services	1,210,209	-	960,340	960,340	249,869
Contractual services	555,454	-	564,510	564,510	(9,056)
Supplies and materials	16,000	-	20,590	20,590	(4,590)
Incentive and marketing payments	3,406,900	1,439,797	466,400	1,906,197	1,500,703
Continuous charges	42,650	-	80,741	80,741	(38,091)
Equipment	21,239	-	869	869	20,370
Total expenditures	5,252,452	1,439,797	2,093,450	3,533,247	1,719,205
Transfers out:					
General fund	815,870	-	816,049	816,049	(179)
Literary fund	15,000	-	9,700	9,700	5,300
Total transfers	830,870	-	825,749	825,749	5,121
Revenues over/(under) expenditures and transfers out	(998,322)	281,867	360,105	641,972	1,640,294
Cash balance at June 30, 2006	1,007,879	686,978	320,901	1,007,879	-
Cash balance at June 30, 2007	\$ 9,557	\$ 968,845	\$ 681,006	\$ 1,649,851	\$ 1,640,294

Source: Commonwealth Accounting and Reporting System



COMMONWEALTH of VIRGINIA

Virginia Racing Commission

*10700 Horsemen's Road
New Kent, Virginia 23124
(804) 966-7400; FAX (804) 966-7418*

October 19, 2007

Walter J. Kucharski
Auditor of Public Accounts
101 North 14th Street, 8th Floor
Richmond, VA 23219

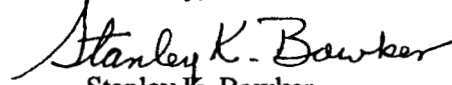
Dear Mr. Kucharski:

On behalf of the Virginia Racing Commission and in my capacity as Executive Secretary, I have reviewed the findings and recommendations provided by your office in this report for the period July 1, 2006-June 30, 2007, and offer the following comments:

1. As stated in your report the Commission's information security program still lacks some of the components necessary to comply with the Commonwealth's security standard. We have been working with VITA and a consultant to develop the policies and procedures to comply with the standards set by VITA. Work is still in progress and we believe all required information and reports will be updated and completed by the end of 2007.
2. The Commission is an agency of seven employees all specialists in the regulation of pari-mutuel racing and wagering in the Commonwealth. The Commission does not have sufficient expertise, resources or staff to handle human resources, payroll administration, processing and paying invoices, internal controls and information technology. As a result, most of those responsibilities are outsourced to several other agencies. The suggestion that a single back office be established to perform those services for small agencies has considerable merit and would result in a better coordinated effort in meeting state guidelines.

Thank you for the opportunity to respond to your report.

Sincerely,


Stanley K. Bowker
Executive Secretary



left: Summer Doldrums



below: The VA Derby



Credits
Photographs in this report have been
provided courtesy of Colonial Downs
and Track Photographer Jeff Coady



Virginia Racing Commission

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